2004 ANNUAL REPORT

diversified business

growth

dominant market position

DIRECT Ca$h INCOME FUND

We Work Hard To Make You Money™

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This report contains forward looking statements relating to the Fund's operations or the environment in which it operates. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict or are beyond the Fund's control. Actual results could differ materially as a result of market conditions or changes in law, Interac rules, operating costs, operating performance, consumer demand or those factors set out in the Fund's Annual Information Form dated March 24, 2005.

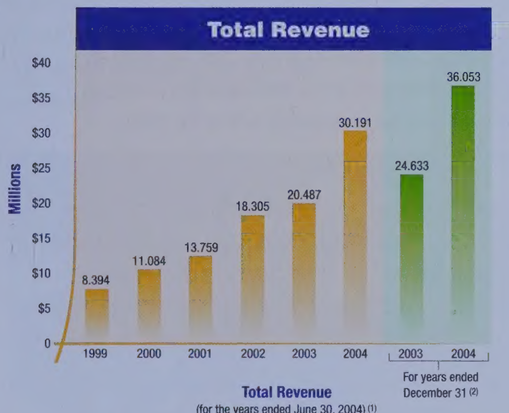
2004 PERFORMANCE HIGHLIGHTS

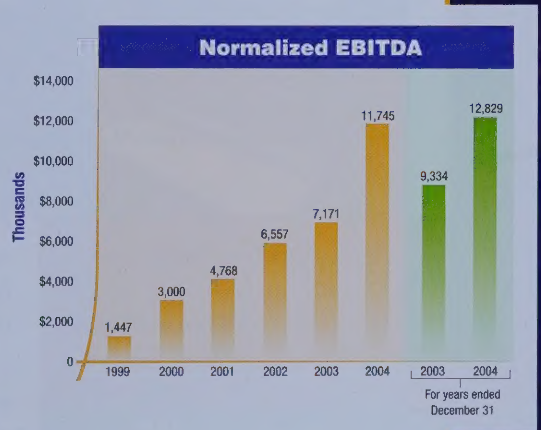
Financial Highlights

- DirectCash Income Fund begins trading as a publicly traded income fund (TSX - DCI.UN).
- Distributable cash flow of $629,682 or $.05 per unit for initial 18 days of operation as a publicly traded income fund.
- For the year ended December 31, 2004 (includes predecessor company operations)
  - Revenues increased by 46%
  - Gross profits increased by 40%
  - EBITDA (Normalized) increased by 37%

(thousands, except for per unit figures)	December 14-31 2004	Years ended December 31 2004	2003
	(audited)	*(unaudited)*	*(unaudited)*
Revenue	$ 1,787	$ 36,053	$ 24,633
Gross profit	$ 875	$ 17,575	$ 12,574
EBITDA/Normalized EBITDA (a)	$ 648	$ 12,829	$ 9,334
Maintenance capital expenditures	$ 8	$ 327	$ 106
Distributable cash flow	$ 630	$ —	$ —
Distributable cash flow per unit	$ 0.05	$ —	$ —

(a) Normalized EBITDA refers to EBITDA adjusted for management fees, bonuses and benefits prior to or for the benefit of the previous shareholders during the relevant period which are not recurring.





(1) Fiscal years ended June 30, 2004 for DirectCash Group of Companies.

(2) Compiled from the predecessor DirectCash Group of Companies to December 13, 2004 and DirectCash Income Fund from December 14 to 31, 2004

Operational Highlights

- For the year ended December 31, 2004 (includes predecessor company operations)
  - Number of ATMs in network increased by 18% to 3,847 from 3,265
  - Number of Debit terminals in network increased by 36% to 1,084 from 798
  - Total ATM and Debit terminal transactions increased by 22%
  - Number of prepaid cash cards in circulation increased by 312%

The strong operational and financial performance in 2004 continues a long-term trend of growth, beginning with the founding of the business in 1997.

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LETTER TO UNITHOLDERS

We are pleased to present our first annual report to Unitholders. The past year has been an extremely busy year with good growth in all our businesses culminating with a very successful IPO and listing on the TSX on December 14, 2004, creating a diversified, financial services trust.

The DirectCash Income Fund and its predecessor companies posted strong results in both the short stub period from our TSX listing on December 14, 2004 to December 31, 2004 and for the entire year. We are proud of our continued growth in all of our lines of business.

We have demonstrated strong financial and operational performance year over year since inception. Between June 1999 and December 2004 revenues and EBITDA have grown at a compounded annual growth rate of 30% and 48% respectively.

Highlights and Accomplishments

Since inception in 1997 our strategy has been to create a diversified financial service business with a dominant market position. To this end some of our achievements in 2004 are as follows:

- Increased the number of ATMs on our network from 3,265 to 3,847
- Increased the number of debit terminals in our network from 798 to 1,084
- Increased the number of cash cards loaded from 164,000 during 2003 to 677,000 during 2004

As part of our business plan we have expanded our presence in Quebec and British Columbia. Our new sales and distribution facility in Toronto that opened in November of 2003 has proven to be an excellent addition. We expect Toronto, as well as new offices in Montreal and Vancouver to contribute to our continued growth in the future.

Where do we rank against the Banks in terms of ATMs?

Competitor	Number of ATMs (1)
CIBC	4,136
Royal Bank	3,999
DirectCash	**3,847**
Desjardins	2,728
TD Canada Trust	2,800
Scotiabank	2,550
Bank of Montreal	2,290
Other financial institutions	2,697

(1)Bank statistics compiled by DirectCash from publicly filed documents as of October 31, 2004

Corporate Governance

With our transition from a private organization to a public entity as the DirectCash Income Fund we have established an independent Board of Directors with a significant breadth of experience to oversee the Fund.

In 2004 our people made the difference. We could not have sustained our strong growth, customer focus and complete our IPO without their professionalism, strong work ethic, commitment and hard work.

Jeffrey J. Smith

President & C.E.O.

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We have three separate lines of business: our ***ATM Business***, our ***Debit Terminal Business*** and our ***Prepaid Cash Card Business***.

MARKET POSITION

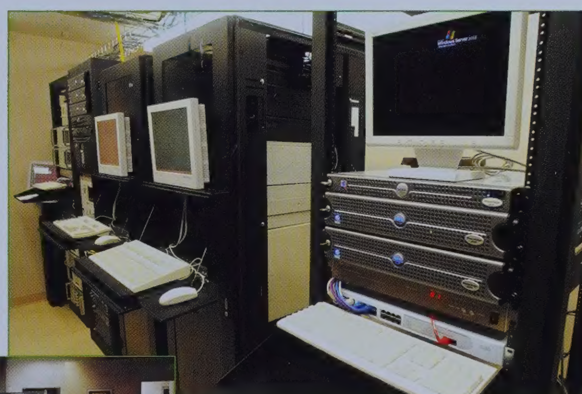
DIRECTCASH INCOME FUND

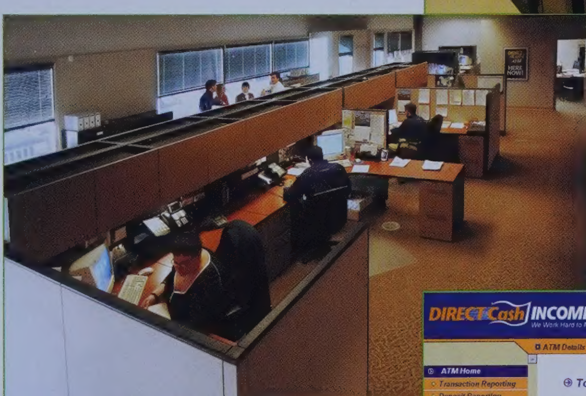
	ATMs	Debit Terminals	Prepaid cash cards
Principal Business Operation	ATM transaction processing; ATM ownership, ATM service and maintenance; sale of ATMs	Debit transaction processing; Debit Terminal service and maintenance; sale of Debit Terminals; sale of prepaid cellular and long distance airtime	Sale of prepaid cash cards; processing of cash card transactions

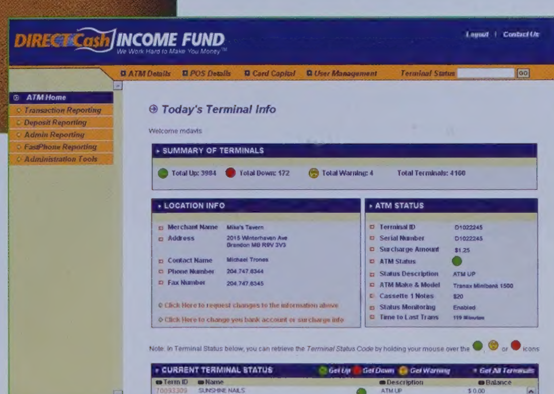
ATM Business:

DirectCash ATM is the largest branded non-financial ATM provider in Canada with over 3,847 ATMs as of December 31, 2004.

We are a fully integrated ATM provider and offer a complete suite of ATM management services from ATM deployment and maintenance to transaction processing, reporting and settlement.







Fast Fact: The number of ATMs in Canada has increased over ***140%***

(19,200 - December 31, 1997) to 46,178 (September 30, 2004)

Source: Interac Association

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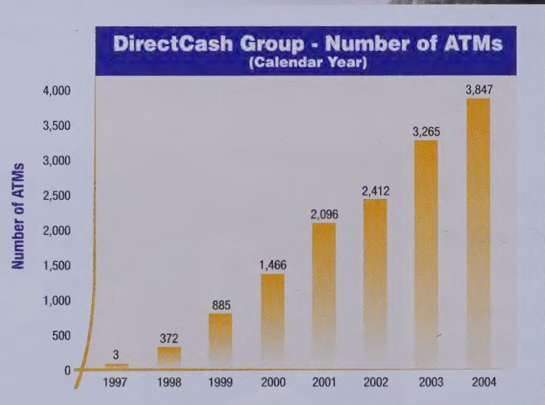
Our ATM Business has grown both organically and through acquisitions to 3,847 ATMs in operation as of December 31, 2004.

We locate our ATMs in retail environments such as convenience food stores, gasoline stations, bars & nightclubs, grocery stores, entertainment centers (such as bingos, casino's, leisure centers), malls and airports. We have several large national and regional merchants such as Mac's Convenience Stores (West), Short Stop Foods (Parkland Industries), the NorthWest Company and the CHIP Hotel REIT.

ATMs provide merchants with revenue from transaction fees. In addition, we believe that the presence of ATMs in a merchant's store helps to increase sales as a result of monies being withdrawn from the ATM being spent in the store.



Fast Fact: Canadians are the highest users of ATMs in the world using their bank cards *45.6* times per year.

Source: Bank of International Settlements 2002

Debit Terminal Business

We are one of the leading non-financial institution debit terminal providers in Canada. An ancillary part of our debit terminal business involves the sale of prepaid cellular airtime and long distance airtime electronically via debit terminals.

We differentiate ourselves from the financial institution (or their processors) debit terminal providers by permitting merchants to purchase debit terminals versus continually renting terminals as well as permitting merchants to charge a convenience fee (typically 25 to 50 cents) to the consumer to use the terminal. This enables the merchant to break even or potentially earn revenue from the terminal versus the terminal being an additional cost of doing business.

ATM & DEBIT TERMINAL GROWTH STRATEGY

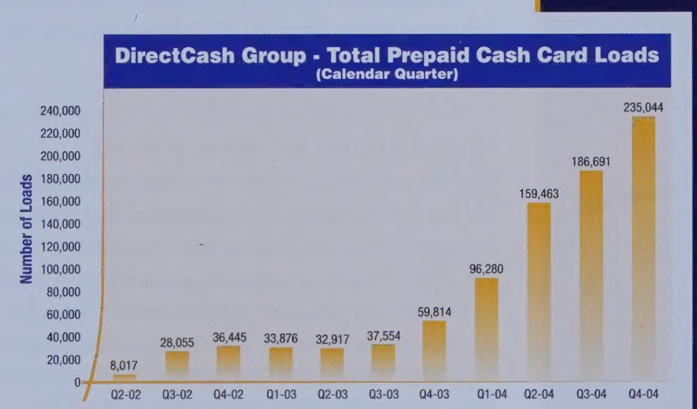
- Expand our merchant base through our existing sales and distribution network
- Selectively pursue acquisitions of our competitors which are accretive to Unitholders
- Cross sell to our existing customers
- Add products & services to our Debit Terminals

Prepaid Cash Card Business

We are Canada's leading provider of prepaid cash cards. We have primarily marketed our cards to the payday loan and cheque cashing industry to such companies as The Cash Store. This card provides merchants with an alternative to providing cash to their customers, allowing merchants to avoid the cost of maintaining physical cash on their premises. Customers benefit as well, as the card can be utilized at any ATM or debit terminal in Canada and is reloadable.

We also market a payroll card which enables employers to pay employees directly via a debit card rather than issue an employee a cheque. The card addresses same day payment needs such as final pay for terminated employees or commission payments for remote employees.

Our total prepaid cash card load volume has increased substantially since 2002 as we have rolled this product out to many merchants as illustrated in the following chart:



GROWTH OPPORTUNITIES IN PREPAID CASH CARDS

- Target additional industry segments for sale of prepaid cash cards
- Develop & expand our prepaid cash card product to the United States
- Expand services offered to our existing client base

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This management's discussion and analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and accompanying notes of DirectCash Income Fund ("DirectCash" or the "Fund") for the period December 14 – 31, 2004 (the "audited financial statements"). Results are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Forward-looking Statements

Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the Fund. Many of these statements can be identified by looking for words such as "believe", "expects", "expected", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words. The Fund believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Fund's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Any forward-looking statements are made as of the date hereof and the Fund does not undertake any obligation to publicly update or revise such statements to reflect new information, subsequent events or otherwise.

Overview of the Fund

The Fund is an unincorporated, open ended, limited purpose trust established under the laws of the Province of Alberta and was created pursuant to a Declaration of Trust dated November 2, 2004. The Fund holds, indirectly, 45.0 % of the limited partnership units of DirectCash LP, a limited partnership established under the laws of Alberta. DirectCash LP, in turn, holds 100% of the outstanding partnership units of the DirectCash ATM Processing Partnership (the "Processing Partnership") and DirectCash ATM Management Partnership (the "Management Partnership"), two general partnerships established under the laws of Alberta. The Fund was established to indirectly acquire (the "Acquisition") from Teal Financial (2003) Corp. and Card Capital Inc., certain assets and liabilities and the business operations of the DirectCash Group of Companies (the "Business") through DirectCash LP.

On December 14, 2004 the Fund completed an initial public offering ("IPO") of 5,000,000 trust units (the "Units") for net proceeds of $47,000,000 before offering costs of approximately $1,740,000. Proceeds of the offering were used to indirectly purchase 40.1 % of the limited partnership units of DirectCash LP. On December 23, 2004 pursuant to the exercise of an underwriters' option, an additional 612,200 Units were issued for net proceeds of $5,754,680. The proceeds were used to indirectly purchase an additional 4.9% of the limited partnership units of DirectCash LP, resulting in the Fund holding a cumulative 45.0% indirect interest in DirectCash LP.

The Fund's units trade on the Toronto Stock Exchange under the symbol DCI.UN.

Critical accounting policies

Management believes that the accounting policies that are critical to the business relate to the use of estimates regarding the amortization of intangible assets and the valuation of inventories.

Distributable cash and distributable cash per unit

Distributable cash and distributable cash per unit are non-GAAP measures generally used by Canadian open-ended income funds as an indicator of financial performance. Readers are cautioned that distributable cash flow is not a defined performance measure under GAAP, and that distributable cash flow cannot be assured. The Fund calculates distributable cash as equal to the consolidated cash flow from operations before changes in working capital, after provision for maintenance capital. The Fund's distributable cash and distributable cash per unit may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to distributable cash and distributable cash per unit as reported by such issuers.

Unitholders receive cash distributions sourced from distributions made by DirectCash LP indirectly to the Fund. The Fund's policy is to distribute, to the maximum extent possible, the cash earned from the Business to Unitholders, less amounts estimated to be required for expenses, maintenance capital, cash redemptions or repurchases of Units, any tax liability, or other obligations and any reasonable reserves established. The Fund makes equal monthly cash distributions to Unitholders on the last business day of each month to Unitholders of record on the last business day of the preceding month.

There is historic seasonality of processing transaction volumes, with the highest activity typically occurring in the months of March, April, June, July and August, and the lowest activity typically occurring in the months of November, December, January and February. The Trustees of the Fund have eliminated the impact of seasonal fluctuations in cash flows by equalizing monthly distributions. The Board of Directors of the Fund considers this seasonality in determining levels of available cash at the end of each reporting period.

Distributable cash and distributable cash per unit for the period December 14 – 31, 2004 was as follows:

Cash generated from operations before changes in working capital	$	637,157
Less: Maintenance capital expenditures		(7,475)
Distributable cash flow	$	629,682
Units outstanding (fully diluted)		12,471,579
Distributable cash flow per unit	$	0.05

The eighteen day period ended December 31, 2004 is too short a time frame to provide a definitive comparison of performance relative to the IPO, however, a simple pro-ration of the 18 day period would indicate monthly distributable cash flow of approximately $1.1 million, which compares favourably to the estimated monthly distributable cash flow of approximately $1.0 million per the IPO.

The net loss for the period December 14 -31, 2004 was $27,338 ($0.00 per unit, basic and fully-diluted), due primarily to amortization charges of $631,600. As part of the Acquisition purchase accounting, the intangible assets were valued at approximately $64.2 million based on future cash flows of the ATM, Debit Terminal and Cash Management System contracts. Typically, these contracts include automatic renewals for a further five-year period unless the customer terminates the contract within a specified time period and include a right of first refusal to match a competitor's bona fide offer on renewal, which Management believes could result in the assets having a longer life than the period they are amortized over.

Operating results for the period December 14-31, 2004

The Fund completed its IPO on December 14, 2004 and its first year-end was December 31, 2004. As our first fiscal year covers a period of only eighteen days, this does not represent a normal operating year for the Fund, and period over period comparative data is not available.

For purposes of comparison only, we have provided the following financial and operational data:

Selected financial information

	Eighteen day period ended December 31, 2004	Years ended December 31 2004	2003
	(audited)	(unaudited)	(unaudited)
Financial Highlights *(thousands)*			
Revenue			
Service revenue	1,197	24,626	18,503
Products revenue	589	11,346	5,991
Interest income	1	81	139
Total revenue	1,787	36,053	24,633
Gross profit - service and interest	836	15,927	11,709
Gross profit margin - service	70%	64%	63%
Gross profit - products	39	1,648	865
Gross profit margin - products	7%	15%	14%
Total gross profit	875	17,575	12,574
Total gross profit margin	49%	49%	51%
Selling, general & administrative	227	4,746	3,240
Normalized EBITDA	648	12,829	9,334
Normalized EBITDA profit margin	36%	36%	38%
Capital expenditures			
Maintenance	8	327	106
Growth	14	1,016	942
	22	1,343	1,048
Operational Highlights			
Number of machines at end of period			
ATM terminals		3,847	3,265
Debit terminals		1,084	798
Total number of ATM and Debit Terminal transactions (thousands)		22,367	18,313
Number of prepaid cash card loads (thousands)		677	164

The financial information for the years ended December 31, 2004 and 2003 is compiled from the predecessor DirectCash Group of Companies to December 13, 2004 and DirectCash Income Fund for the period December 14, 2004 to December 31, 2004. Historic financial information by quarter is not available.

Normalized EBITDA represents gross profits less selling, general and administrative expenses and is not a defined performance measure under GAAP. The Fund's Normalized EBITDA may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to Normalized EBITDA as reported by such issuers. Normalized EBITDA specifically excludes depreciation, amortization, income taxes, interest and management fees, bonuses and benefits, the purpose of which is to provide a reasonable comparative of relative performance from period to period.

Normalized EBITDA increased 37% in 2004 from 2003, due to increases in gross profits resulting from increased transaction volumes, which was partially offset by corresponding increases in general and administrative expenses.

Gross profits from service revenues which includes revenue from ATM, Debit Terminal, and Cash Management System (primarily Prepaid cash cards) services, increased 36% as a result of a 22% increase in approved ATM and Debit terminal transactions as well as a 312% increase in the number of prepaid cash cards loaded. Service revenue gross profit margins increased marginally due to a greater proportion of revenues earned from prepaid cash cards, which typically have a lower cost of goods sold. The ATM and Debit Terminal transaction volume increase was a combined result of acquisitions and organic growth. In June 2003 DirectCash added via acquisitions 447 ATM and 127 Debit Terminal contracts to the DirectCash network, the full benefit of which was realized in 2004. In 2004 acquisitions accounted for an additional 30 ATM contracts, while organic growth accounted for 552 new ATM contracts, including a major contract with Mac's Convenience Stores which resulted in approximately 200 additional ATM locations prior to year-end. The increase in the number of prepaid cash card loads was due to the full roll-out of this product to existing merchants as well as the initiation of new merchant contracts, taking place late in 2004.

Gross profits from products revenue, comprised of ATMs, Debit Terminals and related parts and prepaid product sales, increased by 91% due primarily to strong growth in sales of Debit Terminals and prepaid products, both of which are relatively new product offerings and are still in their initial high-growth phase.

Selling, general and administrative ("SG&A") expenses increased 46% in 2004, which is commensurate with the general growth of the business. The primary increases related to growth in salary costs, as additional staff levels were required to meet the demands associated with increased business volumes and to accommodate staffing requirements related to the IPO, as well as the incremental costs of operation as a public entity versus private. In addition, during the fourth quarter of 2004, bonuses of approximately $0.2 million were paid to long-term employees in recognition of their service prior to the IPO. After adjusting for this one-time expenditure, SG&A as a percentage of gross profit has remained static at 26% from period to period.

Maintenance capital expenditures for the year ended December 31, 2004 rose from the prior period as a result of project timing, particularly the addition of a redundant transaction processing switch in Toronto during the latter part of the year. Maintenance capital expenditures include those required to maintain and upgrade existing technology, information systems and warehouse and office space. Growth capital expenditures, which were relatively consistent with the prior period, are typically related to ATM and Debit Terminal placements. Maintenance capital expenditures are included in the calculation of distributable cash flow, while growth capital expenditures are not.

Recent Events

DirectCash indirectly acquired the shares of Pacific Rim Cash Corp. ("Pacific Rim") through its wholly owned subsidiary DirectCash Acquisition Corp. In addition DirectCash purchased certain assets of each of ATM Cash Systems (Canada) Ltd. ("ATM Cash Systems") and Approved Credit Ltd. ("Approved"), through the Processing Partnership. The acquisitions culminated on March 10, 2005 for aggregate cash consideration of $4,357,000, subject to customary performance holdbacks and normal course purchase adjustments, funded from DirectCash's acquisition credit facility.

Both Pacific Rim, of Vancouver, British Columbia, and Approved, of Mississauga, Ontario, acted as ATM distributors for DirectCash, with a total of 504 ATMs operating under the DirectCash banner. ATM Cash Systems, of Medicine Hat, Alberta, operated an independent network of 63 ATMs. DirectCash has not yet completed the purchase accounting for these acquisitions, all of which will be accounted for using the purchase method. The acquisitions are expected to be accretive to per unit distributable cash flow on an individual and combined basis.

Liquidity and Capital Resources

As of December 31, 2004 DirectCash utilized approximately $3.5 million of a total available credit facility of $23.0 million. A summary of DirectCash's debt position at December 31, 2005 is as follows:

	Utilized	Limit	Available
Revolving credit facility	$ 3,458,848	$ 11,000,000	$ 7,541,152
Acquisition credit facility	—	10,000,000	10,000,000
Lease credit facility	—	2,000,000	2,000,000
	$ 3,458,848	$ 23,000,000	$ 19,541,152

Subsequent to year-end (see "Recent Events" above) DirectCash paid cash consideration of $4,357,000 for business acquisitions, which was funded via the Acquisition credit facility, leaving approximately $5.6 million available on this facility. DirectCash is in compliance with all its lending covenants and does not foresee any circumstances in 2005 which would constitute a breach.

Management believes that the ongoing cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, maintenance capital expenditures including investments in technology capital, interest expense, and cash distributions to Unitholders and minority interests. DirectCash's actual cash generated from operations will be dependent upon future financial performance, which in turn will be subject to financial, tax, business and other factors.

Unitholders' Capital and Minority Interest

As at March 21, 2005, the following trust units and securities convertible into trust units, were outstanding:

	Units outstanding #	Issue costs $	Net unit amount $
Units	5,612,200	$ 5,107,320	$ 51,014,680
DirectCash LP Exchangeable partnership units	4,365,063	—	43,650,630
Minority Interest - Class B subordinated partnership units	2,494,316	—	24,936,326
	12,471,579	$ 5,107,320	$119,601,636

Commitments

DirectCash has entered into office equipment and warehouse leases in Calgary, Alberta and Mississauga, Ontario that require minimum annual rental payments, excluding occupancy costs, as follows:

For the years ended December 31:	
2005	$ 152,623
2006	153,536
2007	63,448
2008	30,527

Outlook

In 2005 DirectCash plans to continue its disciplined growth strategy of adding ATM, Debit Terminal sites and prepaid cash card merchants on an incremental basis via its existing sales force. To this end, DirectCash opened a sales and distribution centre in Montreal to expand its presence in the Quebec marketplace, where we have been underrepresented to date, as well as the addition of a Vancouver office in conjunction with the acquisition of Pacific Rim (See "Recent Events"). In addition, DirectCash will continue to pursue acquisitions of other businesses, whose operations can be integrated into DirectCash's existing operations and are accretive to per Unit distributable cash flow. Management believes there will continue to be a trend of consolidation in the industry.

Business Risks

Technological Change

The introduction of new technologies, and any potential limitations or changes to our network or changes to security requirements could all have a materially adverse impact on our Business, through the requirement of additional maintenance capital and information technology charges.

Regulatory Regime and Permits

DirectCash's operations are subject to a variety of federal, provincial laws and regulations, including Interac, Cirrus, Maestro, Visa, Plus and Canadian Payment Association rules and regulations. DirectCash and the companies with whom it contracts to provide services are required to invest financial and human resources to comply with such laws and DirectCash anticipates that it will continue to do so in the future. Although such expenditures historically have not been material to DirectCash, such laws or regulations are subject to change and accordingly, it is impossible to predict the cost or impact of such laws or regulations on its future operations. Although, to our knowledge, such expenditures are not anticipated to change, any change that Interac makes to its Interchange Fees, its fee structure or Acquirer fees could have an adverse impact on the Fund.

For a discussion of additional business risks, see "Risk Factors" detailed in the final long form prospectus dated December 6, 2004 available on SEDAR (www.sedar.com).

Management's Responsibility for Financial Reporting

The financial statements of the DirectCash Income Fund (the "Fund") and all of the information in the annual report are the responsibility of the management of DirectCash Management Inc., the manager of the Fund, and a wholly-owned subsidiary of the Fund.

The Consolidated Financial Statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain estimates that are based on management's best judgements. Actual results may differ from these estimates and judgements. Management has ensured that the Consolidated Financial Statements are presented fairly in all material respects.

Management has developed and maintains a system of internal controls to provide reasonable assurance that the Fund's assets are safeguarded, transactions are accurately recorded, and the financial statements realistically report the Fund's operating and financial results in a timely manner. Financial information presented elsewhere in the annual report has been prepared in a consistent basis with that in the Consolidated Financial Statements.

The Board of Directors of DirectCash Management Inc. is responsible for reviewing and approving the financial statements and primarily through its Audit Committee, ensures that management fulfills its responsibilities for financial reporting. The Audit Committee meets with management and its external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditors' report. The Audit Committee reports its findings to the Board for the Board's consideration in approving the financial statements for issuance to the Unitholders. The Audit Committee also considers, for review by the Board and approval by the Unitholders, the engagement or re-appointment of the external auditors.

KPMG LLP, an independent firm of chartered accountants was appointed to audit the Fund's Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards. They have provided an independent professional opinion. KPMG LLP has full and free access to the Audit Committee.

Jeffrey Smith
President and CEO
DirectCash Management Inc.

Arie Prins
Chief Financial Officer
DirectCash Management Inc.

Calgary, Canada
March 21, 2005

Member of the Interac Association

AUDITORS' REPORT to the UNITHOLDERS

We have audited the balance sheet of DirectCash Income Fund (the "Fund") as at December 31, 2004 and the statements of loss and deficit and cash flows for the period then ended. These consolidated financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2004 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Calgary, Canada
March 21, 2005

CONSOLIDATED BALANCE SHEET

As of December 31, 2004

ASSETS	
Current assets:	
Cash in circulation	$ 3,666,520
Funds held in trust (note 4)	2,631,923
Accounts receivable	1,330,483
Loans receivable (note 5)	163,900
Inventories (note 6)	1,903,981
Prepaid expenses	171,799
	9,868,606
Equipment (note 7)	3,592,518
Intangible and other assets (note 8)	63,606,627
Goodwill	52,365,652
	$ 129,433,403
LIABILITIES AND UNITHOLDERS' EQUITY	
Current liabilities:	
Revolving credit facility (note 9)	$ 3,458,848
Funds held in trust (note 4)	2,631,923
Accounts payable and accrued liabilities	2,140,667
Trust issue costs payable	1,011,737
Due to vendors (note 10)	559,064
	9,802,239
Deferred revenue	56,866
Minority interest (note 11)	24,936,326
Unitholders' equity:	
Capital contributions (note 12):	
Units	51,014,680
Exchangeable partnership units	43,650,630
Deficit	(27,338)
	94,637,972
	$ 129,433,403

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Gary Dundas
Director

Kevin Wolfe
Director

Calgary, Canada
March 21, 2005

CONSOLIDATED **STATEMENT** OF **LOSS** AND **DEFICIT**

For the period from December 14 to 31, 2004

Revenue		
Services	$	1,196,683
Products		580,669
Other fees		8,522
Interest income		1,513
		1,787,387
Expenses		
Cost of services		361,877
Cost of products		550,602
Selling, general and administrative		227,246
Interest (note 9)		10,088
Depreciation of equipment		40,146
Amortization of intangible assets		631,600
		1,821,559
Loss before minority interest		(34,172)
Minority interest		6,834
Net loss and deficit at end of period	$	(27,338)
Net loss per unit		
Basic and fully diluted (note 12)	$	—

See accompanying notes to consolidated financial statements.

Member of the Interac Association

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from December 14 to 31, 2004

Cash provided by (used in):	
Operations	
Net loss	$ (27,338)
Add (deduct) items not involving cash:	
Minority interest	(6,834)
Depreciation of equipment	40,146
Amortization of intangible assets	631,600
Deferred revenue	(417)
	637,157
Change in non-cash working capital	(703,353)
	(66,196)
Investments	
Business acquisition, net of cash and revolving credit facility acquired (note 3)	(50,720,022)
Growth capital expenditures	(14,366)
Maintenance capital expenditures	(7,475)
	(50,741,863)
Financing	
Net proceeds from the issuance of units (note 3)	51,014,680
Conditional sales contracts	1,051
	51,015,731
Increase in cash and cash equivalents	207,672
Cash and cash equivalents, beginning of period	—
Cash and cash equivalents, end of period	$ 207,672
Cash and cash equivalents is comprised of:	
Cash in circulation	$ 3,666,520
Revolving credit facility	(3,458,848)
	$ 207,672

See accompanying notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the period from December 14 to 31, 2004

1. Organization and nature of operations:

DirectCash Income Fund (the "Fund" or "DirectCash") is an unincorporated, open ended, limited purpose trust established under the laws of the Province of Alberta and was created pursuant to a Declaration of Trust dated November 2, 2004. The Fund holds, indirectly, 45.0 % of the limited partnership units of DirectCash LP, a limited partnership established under the laws of Alberta. DirectCash LP, in turn, holds 100% of the outstanding partnership units of the DirectCash ATM Processing Partnership (the "Processing Partnership") and DirectCash ATM Management Partnership (the "Management Partnership"), two general partnerships established under the laws of Alberta. The Fund was established to indirectly acquire (the "Acquisition") from Teal Financial (2003) Corp. ("Teal") and Card Capital Inc. ("Card Capital") certain assets and liabilities and the business operations of the DirectCash Group of Companies (the "Business") through DirectCash LP. The principals of Teal and Card Capital hold 55.0% of the limited partnership units of DirectCash LP.

On December 14, 2004 the Fund completed an initial public offering ("IPO") of 5,000,000 trust units (the "Units") for net proceeds of $47,000,000 before offering costs of approximately $1,740,000. Proceeds of the offering were used to indirectly purchase 40.1 % of the limited partnership units of DirectCash LP. On December 23, 2004 pursuant to exercise of the underwriter's option, an additional 612,200 Units were issued for net proceeds of $5,754,680. The proceeds were used to indirectly purchase an additional 4.9% of the limited partnership units of DirectCash LP, resulting in a cumulative 45.0% indirect interest in DirectCash LP.

2. Significant accounting policies:

These consolidated financial statements have been prepared by management from the historical records of the Fund and its subsidiaries, and have been prepared in accordance with generally accepted accounting principles ("GAAP"), applied on a consistent basis. The DirectCash LP Exchangeable Partnership Units ("Exchangeable Partnership Units") are classified as equity as a result of their conversion features (See Note 12). The DirectCash LP Class B Subordinated Partnership Units ("Class B Subordinated Partnership Units") are accounted for as a minority interest due to their subordinated status regarding cash distributions. This results in their not being economically equivalent to the other equity instruments until the subordination period expires (See Note 11). The net assets are stated at carrying values based on their historical costs. All significant intercompany balances and transactions have been eliminated.

The Fund commenced operations on December 14, 2004 with the acquisition of the Business, therefore no comparative financial information has been provided.

(a) Cash in circulation:
Cash in circulation is comprised of cash loaded in Automated Teller Machines ("ATMs").

(b) Inventory:
Inventory consists of ATM and Debit terminals, related spare parts and accessories held for sale and prepaid product vouchers and cash cards, stated at the lower of cost, which is determined on a weighted average basis, and net realizable value.

2. Significant accounting policies: (continued)

(c) Financial instruments:

(i) Fair value:

The carrying values of cash in circulation, accounts receivable, funds held in trust, loans receivable, accounts payable and accrued liabilities, trust issue costs payable, due to vendors, and revolving credit facility approximate their fair values due to the relatively short periods to maturity of these instruments.

(ii) Credit risk:

DirectCash is exposed to credit risk in the event it is unable to collect in full accounts receivable from its customers. DirectCash employs established credit approval practices and accounts receivable are closely monitored by senior management to mitigate the credit risk.

(iii) Interest rate risk:

DirectCash's credit facilities are subject to floating interest rates which fluctuate with changes in market rates.

(d) Equipment:

Equipment is recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

ATM equipment	5 years
Debit Terminal equipment	5 years
Computer hardware	3 years
Furniture and fixtures	5 years
Computer software	2 years
Leasehold improvements	life of lease
Automobiles	5 years

(e) Intangible assets:

Intangible assets are comprised of ATM and Debit Terminal processing contracts, as well as Card Management System contracts in the prepaid cash card line of business acquired at fair value. Typically, ATM and Debit Terminal processing contracts have an initial 5-year term and generally include a 5-year renewal provision unless the customer terminates the contract within a specified period, and include a right of first refusal ("ROFR") for any competing offer on renewal. Card Management System contracts typically have an initial 10-year term with similar renewal and ROFR provisions as the ATM and Debit Terminal contracts. ATM and Debit Terminal processing contracts are amortized over the remaining life of the initial contract term plus one year, while Card Management System contracts are amortized over the remaining life of the initial contract term.

DirectCash tests for possible impairment of intangible assets on an annual basis or at any other time when events or changes have occurred that would suggest an impairment of the carrying value.

(f) Goodwill:

Goodwill reflects the price paid for the Business in excess of the fair market value of net tangible assets and identifiable assets acquired. DirectCash reviews goodwill on an annual basis or at any other time when events or changes have occurred that would suggest an impairment of the carrying value.

(g) Other assets:

(i) Deferred financing fees:

Deferred financing fees represent fees and costs in connection with securing the revolving credit and term loan facilities. These costs are amortized over the term of the facilities.

(ii) Finance contracts receivable:

Finance contracts receivable are recorded at cost. Recoverability of the receivable is assessed periodically and any resulting write-down to the net recoverable amount is recorded in the period in which impairment occurs.

(h) Revenue recognition:

Revenue from processing transactions and other services is recognized at the time the transactions are processed and the services are provided. Warranty fees received in advance of the warranty period are deferred and recognized over the term of the warranty period. Revenue from product sales is recognized when the risks and rewards of ownership have transferred to the customers and collection is reasonably assured, which is generally at the time the products are delivered. There is historic seasonality of processing transaction volumes, with the highest activity typically occurring in the months of March, April, June, July and August, and the lowest activity typically occurring in the months of November, December, January and February.

(i) Income taxes:

Income tax obligations relating to distributions of the Fund are the obligations of the Unitholders and, accordingly, no provision for income taxes has been made in respect of the assets and liabilities of the Fund.

Incorporated subsidiaries of the Fund use the liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax basis. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax liabilities or assets are to be settled or realized.

The excess of the carrying value of the equipment and intangible and other assets over their tax basis is approximately $62.3 million.

(j) Segmented information:

DirectCash earns revenues from three different lines of business: the sale of ATMs and related products and services, the sale of prepaid cash cards and related products and services, and the sale of Debit Terminals and related products and services. Operating and general and administrative expenses are commingled between all lines of business, therefore earnings or loss by line of business is not determinable. Assets are shared between the three lines of business and are therefore not determinable by line of business. DirectCash does not earn significant revenues outside of Canada.

(k) Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Business acquisition:

On December 14, 2004 the Fund used the net proceeds from the above-noted IPO and subsequent exercise of the underwriter's option to acquire a 45.0% interest in DirectCash LP. The acquisition was accounted for using the purchase method. The fair values of the assets acquired and liabilities assumed are as follows:

Assets acquired:	
Intangible and other assets	$ 64,239,278
Goodwill	52,365,652
Cash	4,337,060
Equipment	3,610,823
	124,552,813
Liabilities assumed:	
Revolving credit facility	(4,042,402)
Net working capital, excluding cash	(844,658)
Deferred revenue	(57,283)
Net assets acquired	119,608,470
Retained vendor interest:	
Exchangeable partnership units	(43,650,630)
Class B subordinated partnership units	(24,943,160)
Cash consideration funded by IPO	$ 51,014,680

The results of operations of DirectCash LP and its subsidiaries have been included in the Fund's consolidated financial statements from December 14, 2004 forward.

4. Funds held in trust:

DirectCash provides services related to prepaid cash cards. As security for utilizing DirectCash's funds to "pre-load" these cards on behalf of customers, DirectCash requires security deposits under its agreements with these customers. The amounts held in trust will be released upon termination of such agreements. DirectCash places funds held in trust into short-term term deposits bearing interest at between 1.9% and 2.5%.

5. Loans receivable:

DirectCash has extended payment terms to a number of third parties customers for periods of up to one year for short-term ATM financing and cash loading purposes.

6. Inventories:

ATM parts and accessories	$ 842,098
Prepaid product vouchers and cash cards	491,687
ATMs	376,786
Debit terminals	118,895
Debit terminal parts and accessories	74,515
	$ 1,903,981

7. Equipment:

December 31, 2004	Cost	Accumulated depreciation	Net book value
ATM equipment	$ 2,460,927	$ 24,269	$ 2,436,658
ATMs leased to third parties	302,651	2,985	299,666
Computer hardware	303,981	4,997	298,984
Debit Terminal equipment	259,006	2,555	256,451
Computer software	114,640	2,827	111,813
Leasehold improvements	95,077	1,563	93,514
Automobiles	61,065	602	60,463
Furniture and fixtures	35,317	348	34,969
	$ 3,632,664	$ 40,146	$ 3,592,518

8. Intangible and other assets:

December 31, 2004	Cost	Accumulated depreciation	Net book value
ATM processing contracts	$ 41,616,263	$ 485,812	$ 41,130,451
Card Management System contracts	21,386,713	133,528	21,253,185
Debit Terminal processing contracts	1,172,086	12,260	1,159,826
Deferred financing fees	30,702	—	30,702
Finance contracts receivable	32,463	—	32,463
	$ 64,238,227	$ 631,600	$ 63,606,627

9. Credit facilities:

DirectCash LP has credit facilities with a Canadian chartered bank (the "Bank"). The credit facilities are secured by a fixed and specific charge over all assets of DirectCash LP and its associated companies including the Processing and Management partnerships (the "Affiliates") as well as an unlimited guarantee from each of the Affiliates, and are subject to certain financial covenants.

(a) Revolving credit facility:

Revolving credit facility	$ 3,458,848

DirectCash LP has an $11.0 million revolving credit facility, of which approximately $3.5 million was utilized at December 31, 2004. The facility is demand in nature and is utilized for ATM cash machine loading, working capital requirements and commercial letters of credit. The facility bears interest at the Bank's prime lending rate. Interest incurred on the revolving credit facility for the period December 14 – 31, 2004 was $10,088.

(b) Acquisition credit facility:

DirectCash LP has a $10.0 million acquisition credit facility to be utilized for the acquisition of additional ATM and Debit terminal network and prepaid cash card products. The facility is demand in nature and bears interest at the Bank's prime lending rate or at banker's acceptance plus 1.4%. Notwithstanding the demand nature of the facility, there are no scheduled principal repayments for a period of 3 years. At December 31, 2004 the facility was unutilized.

9. Credit facilities: (continued)

(c) Lease credit facility:

DirectCash LP has a $2.0 million lease credit facility to be utilized to provide DirectCash customers with equipment capital lease agreements for up to 90% of the value of the leased asset. The facility is demand in nature and bears interest at the Bank's prime lending rate plus 1.5%. Notwithstanding the demand nature of the facility, principal payments are scheduled on a monthly basis over a term of five years. At December 31, 2004 the facility was unutilized.

10. Due to vendors:

The amount due to vendors arose as a result of differences in the estimates of transaction costs and working capital to be purchased per the acquisition agreement between DirectCash LP and the Vendors, to the actual transaction costs and working capital at the closing date.

11. Minority interest:

	Number of Class B units Outstanding	Net Class B units amount
DirectCash LP Class B subordinated units	2,949,316	$ 24,943,160
Loss attributable to minority interest	—	(6,834)
	2,494,316	$ 24,936,326

DirectCash LP Class B Subordinated Units have economic and voting rights equivalent in all material respects to Units, except in connection with the subordination terms as described below. As a result, they have been treated for accounting purposes as a Minority Interest.

Each Class B Subordinated Unit will be automatically exchanged into one Exchangeable Partnership Unit on, and the subordination provisions will only apply until the earlier of: (i) December 31, 2006 if, for the four consecutive fiscal quarters of the Fund ending on such date, DirectCash LP has earned EBITDA of at least $12.463 million (the "EBITDA Target") and the Fund has paid distributions of at least $0.95 per Unit (the "Distribution Target") for such period, and (ii) the end of any four consecutive fiscal quarters following December 31, 2006 in respect of which the Fund has earned the EBITDA Target and the Fund has paid distributions on the Units and Exchangeable Partnership Units (See Note 12) at least equal to the Distribution Target for such fiscal year.

Distributions on the Class B Subordinated Units are subordinated and are made quarterly in an amount equal to the per Unit amount distributed on Units and Exchangeable Partnership Units during such fiscal quarter, to the extent that: (i) holders of Units and Exchangeable Partnership Units have been paid average monthly distributions of at least $0.0792 per unit during that quarter, and (ii) any deficiency in such distributions to holders of Units and Exchangeable Partnership Units during the preceding three quarters has been satisfied.

12. Capital Contributions:

Units outstanding and capital contributions are as follows:

	Number of units Outstanding	Issue costs	Net unit amount
Units	5,612,200	$ 5,107,320	$ 51,014,680
DirectCash LP Exchangeable Partnership Units	4,365,063	—	43,650,630
	9,977,263	$ 5,107,320	$ 94,665,310

(a) Units:

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal and undivided beneficial interest in any distributions from the Fund, whether of net earnings, net realized capital gains or other amounts and in the net assets of the Fund in the event of a termination or winding up of the Fund. All Units have equal voting rights and privileges.

(b) DirectCash LP Exchangeable Partnership Units:

The Exchangeable Partnership Units issued by DirectCash LP have economic and voting rights, in all material respects, to the Units. As a result, they have been treated for accounting purposes as Unit equivalents. They are exchangeable, directly or indirectly, on a one for one basis for Units at the option of the holder, under the terms of the Exchange Agreement. Exchangeable Partnership Units are not transferable to any third parties prior to their conversion to Units.

Each Exchangeable Partnership Unit entitles the holder to receive distributions from DirectCash LP pro rata with distributions made by DirectCash LP on Units.

Earnings (loss) per share is calculated on the "as if converted" basis, whereby it is assumed that all DirectCash LP Exchangeable Partnership have been converted to Units.

13. Commitments:

DirectCash has entered into office equipment and warehouse leases in Calgary, Alberta and Mississauga, Ontario that require minimum annual rental payments, excluding occupancy costs, as follows:

For the years ended December 31:	
2005	$ 152,623
2006	153,536
2007	63,448
2008	30,527

14. Long-term incentive plan:

The Fund has adopted a long-term incentive plan ("LTIP") to provide eligible participants with compensation opportunities that will enhance the Fund and its subsidiaries ability to attract, retain and motivate key personnel and reward officers and directors for significant performance that results in the Fund exceeding its per Unit distributable cash targets.

Pursuant to the LTIP, a pool of funds will be set aside based upon the amount, if any, by which the Fund's per Unit cash distributions exceed certain defined threshold amounts. A trustee will purchase Units in the market with this pool of funds and will hold the Units until such time as ownership vests to each participant. One-third of these Units will vest equally in each of the three years following the grant of the awards.

No amount has been accrued under the LTIP to December 31, 2004.

15. Subsequent events:

DirectCash indirectly acquired the shares of Pacific Rim Cash Corp. ("Pacific Rim") through its wholly owned subsidiary DirectCash Acquisition Corp. In addition DirectCash purchased certain assets of each of ATM Cash Systems (Canada) Ltd. ("ATM Cash Systems") and Approved Credit Ltd. ("Approved"), through the Processing Partnership. The acquisitions culminated on March 10, 2005 for aggregate cash consideration of $4,357,000, subject to customary performance holdbacks and normal course purchase adjustments, funded from DirectCash's acquisition credit facility.

Both Pacific Rim, of Vancouver, British Columbia, and Approved, of Mississauga, Ontario, acted as ATM distributors for DirectCash, with a total of 504 ATMs operating under the DirectCash banner. ATM Cash Systems, of Medicine Hat, Alberta, operated an independent network of 63 ATMs. Given the recent date of the transactions, DirectCash has not yet completed the purchase accounting for these acquisitions, all of which will be accounted for using the purchase method.

CORPORATE and UNITHOLDER INFORMATION

Board of Directors - DirectCash Management Inc.

Jeffrey J. Smith
President and Chief Executive Officer
Calgary, Alberta

Gary Dundas (1)(2)
Calgary, Alberta

Gordon Herman (1)
Isle of Man

Susan M. Gallacher
Vice-President
Calgary, Alberta

Jeffery Lawson (2)
Calgary, Alberta

Kevin Wolfe (1)(2)
Calgary, Alberta

(1) *Member of the Audit Committee.*
(2) *Member of the Compensation, Nominating and Corporate Governance Committee*

Manager of the Fund

DirectCash Management Inc.
Bay #6, 1420 – 28 Street, Calgary, AB
T2A 7W6

Officers of DirectCash Management Inc.

Jeffrey J. Smith
President and Chief Executive Officer

Arie Prins
Chief Financial Officer

Susan M. Gallacher
Vice-President

Joseph Xu
Chief Technical Officer

Auditors

KPMG LLP Chartered Accountants
Suite 1200, 205 – 5th Avenue SW
Calgary, Alberta, T2P 4B9

Trustee and Transfer Agent

Valiant Trust Company
310, 606 – 4th Street SW
Calgary, Alberta, T2P 1T1

Legal Counsel

Gordon Pennell
Thackray Burgess, Barristers & Solicitors
1900, 736 6th Avenue SW
Calgary, Alberta, T2P 3T7

Annual General Meeting

The Annual Meeting of Unitholders of the Fund will be held in the Willow Room, Sheraton Suites Calgary, Eau Claire, 255 Barclay Parade SW, Calgary, Alberta, T2P 5C2 on Friday, May 13, 2005 at 10:00 AM (Calgary time).

Toronto Stock Exchange Listing

DCI.UN: DirectCash Income Fund – Trust Units

Produced by DirectCash Income Fund Designed by Two Birds, One Stone Design - Calgary

growth

diversified business

dominant market position

DIRECT Ca$h INCOME FUND

We Work Hard To Make You Money™

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